ECCLESIA LAW

THE ADVERSE CLAIM

MORTGAGE PROTOCOL

3rd August 2026

Based on the 98-Series Foreign Grantor Trust and ERO Gateway Perfection

This guide outlines a legal and administrative protocol for executing an adverse mortgage claim. The framework asserts that a securitized mortgage can be discharged through specific federal tax accounting procedures, utilizing a 98-Series Foreign Grantor Trust to reconcile commercial ledgers and extinguish the underlying debt obligation.

Part 1: The 98-Series Foreign Grantor Trust (FGT)

A central pillar of this protocol is the establishment of a 98-series International/Foreign Grantor Trust. According to the framework, only this specific entity possesses the legal taxonomy and jurisdictional standing to acquire mortgage securities, establish Holder in Due Course (HDC) standing (under UCC §§ 3-203 and 3-302), and execute corrective tax filings.

Why a 98-Series Trust?

The 98-prefix Employer Identification Number (EIN) is issued exclusively by the IRS Cincinnati International Unit. To qualify, the trust must operate outside domestic jurisdiction by intentionally failing two tests under 26 CFR § 301.7701-71:

1. **The Court Test Failure:** No U.S. court exercises primary supervision over the trust's internal administration, placing the entity strictly under private international law.
2. **The Control Test Failure:** Non-U.S. persons retain ultimate authority over all substantial decisions, creating a non-domestic fiduciary jurisdiction.

By operating "off-board" from the domestic debtor system, the trust executes claims not as consumer tax refunds, but as administrative merchant-to-merchant ledger adjustments.

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice

ECCLESIA LAW

Part 2: The "Fill Up" Doctrine and 1099-OID Mechanics

The protocol invalidates securitized mortgages by leveraging the interaction between commercial negotiable instrument law and federal tax nominee rules.

1. Inchoate Instruments and Ex Nihilo Credit

When a borrower signs a promissory note or mortgage deed, it is delivered in an incomplete (inchoate) state. Under the UK Bills of Exchange Act 1882 (§ 20) and UCC § 3-115, a signature on a paper delivered to become a negotiable bill gives *prima facie* authority to "fill it up" for any specified amount.

- The banking syndicate monetizes this biological signature *ex nihilo* (out of nothing), assigns CUSIP identifiers, and pools it into Special Purpose Vehicles for secondary market trading.
- However, while the banks complete the instrument for trading, they systematically default on their statutory nominee reporting duties under federal tax law.

2. IRS Publication 1212 & The Nominee Middleman

IRS Publication 1212 governs Original Issue Discount (OID) instruments. It dictates that if an institution holds an OID debt instrument as a nominee or middleman (e.g., in "street names" via Cede & Co.), it must file Form 1099-OID to show the proper allocation of OID interest to the true beneficial owner.

3. The Corrective Filing

When the institutional nominee fails to file this secondary Form 1099-OID, the Foreign Grantor Trust (holding HDC standing) steps in to execute a corrective Form 1099-OID filing. This administrative "fill up" on federal Master Files unmasks the bank not as a creditor advancing risk capital, but as a mere withholding agent managing human credit energy.

Part 3: The Mechanics of Debt Discharge

Filing the corrective 1099-OID triggers a complete mathematical and legal discharge of the underlying loan contract through three primary mechanisms:

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice

1. **Mathematical Baseline Re-Balancing:** Because the initial credit was created *ex nihilo*, the initial issue price is zero, making the OID equivalent to the entire face value. When the IRS e-file gateway accepts the corrective 1099-OID (evidenced by a 20-digit Submission ID and 26-digit IRMF DLN string), it confirms the U.S. Treasury has accepted the credit redirection, balancing the primary debt entry to zero.
2. **Extinguishment under *Accessorium Sequitur Principale*:** A mortgage has no independent legal existence; it is an accessory security interest to the principal debt. Under the classical property maxim *accessorium sequitur principale* (the accessory follows the principal), if the underlying primary debt is zeroed or discharged, the accessory security interest vanishes simultaneously.
3. **Destruction of the Power of Sale:** Statutes like the UK Law of Property Act 1925 (§ 106) limit a party's power of sale strictly to entities "entitled to receive and give a discharge for the mortgage money." Because the primary debt is mathematically zero-balanced via Treasury reconciliation, the servicing bank is no longer entitled to discharge the money, rendering any pending foreclosure a legal nullity.

Part 4: Countering the Indenture Trustee's Defenses

In court, Indenture Trustees often attempt to dismiss these claims by arguing that a tax filing cannot unilaterally alter a private contract. The protocol dictates a multi-tiered legal counter-defense:

1. Rebutting the "Unilateral Tax Filing" Defense

The protocol does not claim a tax form magically cancels a contract. Instead, it relies on IRS Publication 1212's mandate for nominee corrections. The 1099-OID is a statutory correction authorized for the true beneficial owner. IRS Modernized e-File (MeF) gateway acceptance is database-verified proof of top-tier ledger reconciliation, not merely a personal, unverified claim.

2. Enforcing the Accessory Rule

The protocol emphasizes that it does not directly "cancel" a mortgage charge. Instead, the MeF gateway XML acceptance log proves the *primary debt* was zeroed. Under *accessorium sequitur principale*, once the principal debt disappears, the accessory mortgage charge vanishes as a matter of law, leaving the bank with no principal debt to secure.

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice

ECCLESIA LAW

3. Collapsing Statutory Power of Sale Claims

Banks may rely on equitable assignment precedents (like the *Skelwith* exception) to claim a statutory power of sale. However, because the primary debt is zeroed, the institution loses statutory standing under LPA 1925 § 106. The *Skelwith* exception becomes inapplicable.

4. Judicial Estoppel: The "Cannot Have It Both Ways" Doctrine

The Indenture Trustee cannot enforce a mortgage note as a liquid, transferable negotiable instrument for the purpose of foreclosure (under UCC Article 3 / BEA 1882), while simultaneously denying its character as a negotiable instrument carrying OID (under IRC § 1273 and Pub 1212) to evade tax liabilities. If it is negotiable for foreclosure, it is negotiable for OID nominee tax reconciliation.

5. Piercing Intermediary Safe Harbor (UCC § 8-115)

When a trustee is served with a notarized Notice of Adverse Claim (UCC § 8-105) alongside MeF gateway acceptance logs, their "good-faith" safe harbor under UCC § 8-115 is pierced. Proceeding with foreclosure while concealing this top-tier Treasury reconciliation constitutes:

- Actionable fiduciary neglect (TIA § 315(c))
- Unlawful impairment of discharge rights (TIA § 316(b))
- Constructive fraud upon the court (under the Lazarus Doctrine).

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice